

Message Text

SECRET

PAGE 01 CAIRO 00488 301625Z

43

ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 /031 W
----- 003794

O 301600Z JAN 74

FM USINT CAIRO

TO SECSTATE WASHDC IMMEDIATE 5181

S E C R E T CAIRO 0488

EXDIS

FOR THE SECRETARY FROM AMBASSADOR

EO 11652: GDS

TAGS: BEXP EG

SUBJECT: SUMED NEGOTIATIONS

REF: CAIRO 0466

1. FOLLOWING IS UPDATE AS OF 1730 LOCAL ON MEETING HELD TODAY BETWEEN BECHTEL REPRESENTATIVES AND EGYPTIAN TEAM HEADED BY DR. TAHIR AMIN, VICE CHAIRMAN OF THE COMMITTEE ON INDUSTRIALIZATION. MEETING LASTED THREE HOURS AND HAD TO BE BROKEN OFF WHEN DR. AMIN LEFT FOR AIRPORT TO MEET VISITING DIGNITARY IN COMPANY WITH DEPUTY PRIME MINISTER DR. ABDUL AZIZ HEGAZI.

2. POINTS COVERED WERE:

A. FINANCIAL ISSUES REVIEWED WITH AMIN, WITH RESULT THAT HE WILL TRY AND GET LETTER OF CREDIT FOR BECHTEL OPENED IN AMOUNT OF 278 MILLION DOLLARS THROUGH ARAB-AFRICAN BANK (LESS THE TEN MILLION ALREADY ADVANCED TO BECHTEL). BECHTEL INSISTS THAT LETTER OF CREDIT BE WITH US BANK WHERE THEY WILL HAVE READY ACCESS. AMIN WILL DISCUSS THIS WITH DR. HEGAZI ON WAY TO AND FROM AIRPORT AND ADVISE.

B. SUPPLEMENTAL AGREEMENT OF DECEMBER 14, 1973 ON
SECRET

SECRET

PAGE 02 CAIRO 00488 301625Z

ESCALATION OF COSTS. ESSENCE OF PROBLEM HERE IS WIDE

DIVERGENCE ON MEANING OF THIS AGREEMENT, PARTICULARLY OVER EGYPTIAN CLAIMS TO VETO POWER, ITEM BY ITEM, AND NOT MERELY FULL AND TIMELY CONSULTATION. KRUSH UNABLE TO PRODUCE ALLEGED LETTER FROM MOTHERWELL (REFERRED TO LAST NIGHT BY HEGAZI AND WHICH BECHTEL SUSPECTS IS DATED BEFORE SEPTEMBER 30, 1973) OFFERING LOWER PRICE ON STEEL FOR TANKS. DR. AMIN APPEARS TO FAVOR PRESERVING CHICAGO BRIDGE AND IRON BID AND IT SHOULD STAND. HOWEVER, VIEWS AT IMPASSE OVER PROCEDURE FOR HANDLING FUTURE ESCALATIONS AND WHILE BECHTEL FULLY SEES EGYPTIAN NEED TO AVOID OPEN-ENDED CONTRACT, IT FEELS EGYPTIANS DO NOT UNDERSTAND COST SIGNIFICANCE OF DELAYS THEIR PRICE-SHOPPING WOULD ENTAIL. BECHTEL TEAM STATED THEY WOULD GO TO ARBITRATION ON THIS MATTER.

C. BECHTEL HAS REQUESTED THAT LETTER DEALING WITH POSSIBLE ACTION BY US GOVERNMENT AGAINST BECHTEL BE ANNULLED. AMIN WILL TAKE THIS QUESTION UP WITH HEGAZI.

3. BECHTEL TEAM NOW AWAITING CALL FOR FURTHER MEETING WITH EGYPTIAN SIDE. ALTHOUGH AS INDICATED ABOVE, VARIOUS ISSUES STILL UNRESOLVED, TENOR OF TODAY'S MEETING IN CONTRAST LAST TWO DAYS WAS CONSTRUCTIVE. BOTH SIDES ARE SEARCHING FOR WAYS TO REACH AGREEMENT.
EILTS

SECRET

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 JAN 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974CAIRO00488
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: P750001-1356
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974014/aaaaadgb.tel
Line Count: 86
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: 74 CAIRO 466
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 13 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13-Aug-2002 by rowelle0>; APPROVED <13 DEC 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BECHTEL-SUMED NEGOTIATIONS
TAGS: BEXP, EG
To: n/a
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005